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10 MAY 1981

MEMORANDUM FOR: Mr. Walt W. Rostow
Deputy Special Assistant to the President
for National Security Affairs

SUBJECT: Morale of Party Cadres and Armed Forces
in Communist China.

1. The peasant and proletarian masses in China cannot transmute dissatisfactions into effective revolt without at least the passive support of other forces in the country. The party and the army--the main instruments for Peiping's domination of the mainland--are key factors in our assessment of the stability of the leadership. The intelligence on the attitudes of party cadres and army personnel is sketchy but does suggest a situation of deepening crisis which could test all the regime's talents for political conciliation and armed repression. It does not warrant an expectation of Peiping's overthrow this year or next.

2. The evidence on the party cadres comes in part from covert reports and interrogations of refugees. It seems clear from the information received since the beginning of the year that medical symptoms of undernourishment, e.g. nutritional edema, are appearing among the cadres, as well as the population at large. An authenticated report prepared by Communist officials in East China disclosed that 15 percent of the cadres and other supervisory personnel in a work camp suffered from "dropsical swelling." At the lower levels at least, the cadres seem to be suffering some of the deprivations of the masses. Even cadres at higher levels who enjoy their special privileges have had to accept a reduction of rations.

3. Supporting evidence of a general erosion of cadre morale appears in statements of the Communists themselves. To a large extent, the cadres are serving as scapegoats for failures brought on by decisions at higher echelons of the party. In their moderate passages, the party statements refer to "well-intentioned" overzealousness in implementing

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the regime's policies. The more ominous passages cite persons in the party and government who have been carrying out sabotage and "violating discipline in the villages and cities"--references probably to cadres who condoned evasions of Communist directives. A "rectification" campaign now under way will purge an indeterminate number of the cadres. In the language of the official People's Daily, it will "purify party and government organizations by resolutely weeding out bad elements which had sneaked in."

4. In most cases, however, the rectification process has not entailed the penalty of expulsion from the party. The professed object is to get an improvement in "work style," and to this end there has been a large-scale transfer of cadres from comparatively comfortable jobs in higher headquarters to assignments nearer the agricultural front. The transfers have involved a bumping of personnel downward, with general disgruntlement and uncooperativeness at all levels. Some of the cadres are charged in the party press with refusing to do farm labor and trying to "sneak back" to their old jobs in town.

5. The evidence is not enough to support any confident finding that many party cadres would lead or even join the masses in opposition to the regime. There do, however, appear to be good grounds for giving credence to reports of a widespread loss of cadre class, a tendency to mistrust directives from the party center, and a disposition to tolerate indiscipline on the part of the general population. The supervisory reins thus loosened, peasants have reverted to older farming practices, and the population generally has become bolder to voice its grievances. This boldness has already resulted in several anti-regime displays and some bloodshed. A hunger riot in Harbin last January and a demonstration there that resulted in the summary execution of some 70 persons typify some of the recent reporting on the subject.

6. The armed forces have also suffered their cuts in food rations. Despite the reduced rations, the soldiers still enjoy a differential over civilian allowances. Yet public security personnel in Canton reportedly complained of inability to do their work well after the ration cuts.

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Soldiers in one billet refused to get out of bed to participate in maneuvers, according to one source, but it is impossible to say how general such mutinous behavior has become. The emerging picture is one of growing sympathy with the problems of civilians. Military guards stationed near the Hong Kong border on occasion professed to be too tired and hungry to chase villagers trying to escape to the Crown Colony. Those who are disposed to enforce the regulations are sometimes challenged by a defiant populace. One refugee from Kwangtung describes the incident of young students stealing potatoes from a commune farm. Ordered to desist by a militia leader, the students threatened to kill him with their hoes. The leader reportedly departed in humiliation with his men.

7. The officers of the regular army are probably eating well, and there are no persuasive reasons to question their commitment to the present regime. There are intimations that some ranking officers have been unsympathetic to the regime's economic policies and its use of the armed forces in agricultural and other non-military activities. The dismissal of the Minister of Defense and the Chief of Staff from their posts in 1959 and reassignments of other ranking military figures since then suggest that the leadership is taking precautions to ensure the reliability of the armed forces.

8. The authorities have been sufficiently sobered by their problems to do a good deal of thinking and rethinking and also to take some intelligent action. The purchase of 3 million tons of grain abroad for delivery this year, for example, is testimony to Peiping's appreciation of its serious straits. The importation will not alleviate distress in the country at large, but it will add significantly to the government stocks needed to provide for the armed forces and other elements whose loyalty is vital to Peiping's continued control of the mainland.

9. The Chinese Communists have ended a three-year period of high exaltation during which they claimed achievements unprecedented in economic history. They seemed genuinely convinced during this period that social reorganization, popular exhortation, and political indoctrination would

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combine to result in such a muster of human energies as to vindicate once and for all their fundamentalist faith in potentialities of the new order. Today, after two years of bad weather, the withdrawal of Soviet technicians in mid-1960, and the accumulated strains of "leap forward," there is a soberer understanding of the "objective conditions" which limit the pace of economic development. Peiping regards 1961 as a year to take a breather and relax some of the pressures on the country. Reliable reports indicate a diminution of coercion on the people to attend long indoctrination meetings and "volunteer" for after-hours activities. Peasants are again encouraged to cultivate private plots and sell some of their produce on free markets. There is no propaganda emphasis on industrial targets but rather on the urgency of expanding the agricultural effort. A certain conciliatory attitude toward non-Communist intellectuals is noted, and the "hundred flowers" slogan of the 1956-57 liberalization was advanced again in the March issue of the party's theoretical journal. Evidently the leaders are ready to take the necessary step backward before resuming their advance. The size of the crops this year will be a critical element in the regime's calculations. The present omens do not favor Peiping, but it is too soon for firm figures. If, as seems possible, 1961 turns out to be the third consecutive year of poor harvests, the prospect would be for continued Communist domination under conditions of mounting disorders and violence.

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